

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed steady to firm tone on Tuesday.

**In The News:** The Centre has withdrawn notification on Bt Cotton guidelines issued few days before. It has put the notification in public domain and has invited comments and suggestions from the stakeholders in the industry.

Cotton farmers in Raichur, Karnataka have suffered a loss of Rs.278.72 crore due to failure of Bt Cotton. Bt Cotton was sown in 1.5 lakh acres and the crop has failed in 80% of the area in the previous season.

India has tightened rules for the sale of genetically-modified seeds in the country according to government sources. It will cap royalties for any new variety that U.S. based Monsanto decides to develop and sell in the market.

In Punjab, cotton sowing till date has been done in 2.08 lakh hectares as against the target of 5 lakh hectares. In Haryana, sowing is 65 per cent of the total targeted area of 6.20 lakh hectares. According to officials, farmers have shifted to other crops like paddy and pulses following crop loss last year to white fly attack and non-availability of canal water. According to farmers, acreage under cotton in Punjab is likely to reach 3.30 lakh hectares and in Haryana, it is likely to touch 5.50 lakh hectares.

According to Cotton Association of India (CAI), output of cotton in India for 2015 -16 season is estimated to be around 341 lakh bales compared to 382.75 lakh bales in 2014 -15. The projected balance sheet drawn by the CAI estimated total cotton supply for the season 2015-16 at 428.60 lakh bales while the domestic consumption is estimated at 305 lakh bales.

India exported 0.718 lakh bales of cotton last week (09 -15 May 2016), which was 0.561 lakh bales previous to last week (02 -08 May 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (09 -15 May, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.370 lakh bales of cotton from India in the past week (09 -15, May 2016). Other major importers were Pakistan, China, Vietnam and Indonesia and their imported volumes were 0.115 lakh bales, 0.084 lakh bales, 0.041 lakh bales and 0.003 lakh bales respectively.

Department of Agriculture, Ministry of Agriculture (MoA) in its second advance estimates, has revised the cotton production estimates downwardly for the season 2015-16 at 306.92 lakh bales (of 170 kg each). For the season 2014-15, the estimate was 346.23 lakh bales according to the first advance estimates for the season.

The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

According to Cotton Association of India (CAI), the arrivals during 2015-16 season up to the end of March 2016 are estimated at 280.15 lakh bales compared to 318.45 lakh bales arrived up to the same period last year. This reduction in the arrivals of cotton is an indication of a lower crop this season.

### International Fundamentals:

The Chinese government has started the auction of its huge reserves of cotton this month. Stocks of cotton are expected to decline amid decline in Chinese imports and falling domestic production. The US Department of Agriculture has forecast China's cotton stocks to fall by 6% in 2015-16, to 13.9m tons. As expected, prices have started declining recently with the unloading of stocks.

Cotton output in Benin has declined to 260,000 tonnes during the 2015-16 season compared to 394,000 tonnes in the previous season.

Cotton gins are declining as Arkansas farmers abandon cotton for more profitable crops. The number of gins in the state has declined from 86 to 26 in the past 15 years according to the Arkansas Democrat-Gazette.

According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. World 2015-16 cotton production is projected at 99.8 million bales, 16 per cent below last season. World ending stocks are now projected at 102.84 million bales. For India, production is forecast at 26.8 million bales, same as previous month's estimates and India's crop is estimated 9 per cent below 2014/15 and the lowest since 2009/10.

### Outlook

We expect domestic prices to remain range bound to firm in the near -term.

#### **NCDEX Kapas Futures\*: (Prices in Rs/20kg)**

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Con_1	-7.00	895	896	890	891	997	-567	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	142		-
May-17		891	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

\*Updated at 5.27 pm on 24 May- 2016

#### **MCX Cotton Futures\*: (Prices in Rs/170 kgs)**

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	+50	17400	17480	17390	17470	1707	-497	743966	217548
July-16	+70	17840	17890	17810	17890	362	-107	149893	43103
Sep-16	+110	17280	17280	17150	17180	2	1	891	448

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
May-16		-420		-	-	-
July-16			710	-	-	-
Sep-16	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5.27 pm on 24 May 2016

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-May-16	23-May-16	
Gujarat	Ahmedabad	Shankar-6	5150	5125	25
	Gondal	Shankar-6	5350	5050	300
	Rajkot	B.T. Cotton	5165	5225	-60
	Patan	B.T. Cotton	5125	4975	150
	Kadi	B.T. Cotton	5250	5200	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5105	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5100	5100	Unch
	Bhiwani	Desi	5000	5000	Unch
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	5070	5000	70
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	5200	4900	300
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5150	5050	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	4300	4300	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	NA	-
	East Godavari	Un-Ginned	4100	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5300	5300	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-May-16	23-May-16	

<b>Punjab</b>	Bhatinda	J-34	3870	3830	<b>40</b>
	Abohar	J-34	3870	3840	<b>30</b>
	Mansa	J-34	NA	3800	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3770	3750	<b>20</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-May-16	23-May-16	
Gujarat	Ahmedabad	Shankar-6	17000	17000	Unch
	Gondal	Shankar-6	942	529	413
	Rajkot	B.T. Cotton	1100	1000	100
	Patan	B.T. Cotton	730	440	290
	Kadi	B.T. Cotton	6000	12500	-6500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	45	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	300	500	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	1200	2000	-800
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	225	217	8
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-May-16	23-May-16	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	85	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-May-16	21-May-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32300	31900	400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32800	32400	400
J-34(202)	26mm	3.5 - 4.9	23	35000	34800	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	35200	34900	300
Shankar-6(105)	29mm	3.5 - 4.9	28	35600	35400	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37600	37500	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38000	38000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	50000	50000	Unch

**Cotton Seed Oil Prices**
**Refined Cotton Seed Oil at Key Centers:**

Centre	Unit	Price		Change
		24-May-16	23-May-16	
Rajkot	Rs. /10 Kg.	650	650	Unch
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	648	640	8

**Cotton Seed Oil Seed Cake Prices**
**Cotton Seed Oil Cake Prices at Key Centers:**

Centre	Unit	Price		Change
		24-May-16	23-May-16	

Mahesana (Kadi)	Rs./Qtl	2271	2271	<b>Unch</b>
Akola	Rs./Qtl	2315	2300	<b>15</b>

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 24-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12556	<b>20</b>
CCIndex(527)	11573	<b>31</b>
CCIndex(229)	12880	<b>5</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 24-May-2016		
Index	Cents/lb	Change
FC Index (S)	73.24	<b>0.48</b>
FC Index (M)	70.40	<b>0.39</b>
FC Index (L)	68.01	<b>0.47</b>

Cotlook Index: As on 20-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	70.05	<b>0.70</b>

USDA Cotton Spot Rates: As on 23-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
<b>Southeast</b>	61.95	65.20	<b>652.00</b>
<b>North Delta</b>	61.70	64.45	<b>NIL</b>
<b>South Delta</b>	61.70	64.45	<b>NIL</b>
<b>East TX-OK</b>	57.50	59.50	<b>NIL</b>
<b>West Texas</b>	57.50	59.25	<b>NIL</b>
<b>Desert SW</b>	58.20	64.20	<b>NIL</b>
<b>SJ Valley</b>	59.45	69.35	<b>NIL</b>

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

ICE Cotton Futures (Prices in cents/lb.): As on 23-May-2016					
Contract	Open	High	Low	Close	Change
Jul-16	61.67	61.83	61.10	61.45	-0.22
Oct-16	62.03	62.11	62.03	62.11	Unch
Dec-16	61.45	61.50	60.85	61.34	0.01
Mar-16	61.30	61.73	61.17	61.66	0.06
May-16	61.94	62.06	61.94	62.06	0.05
Jul-16	62.45	62.45	62.45	62.45	0.07

Pakistan Cotton Spot rates: As on 23-May-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5550	135	5685
Equivalent	40 Kgs	5948	145	6093

#### Disclaimer

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